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ABSTRACT

This paper reviews four major policy proposals for higher education in California. It discusses four reports that have addressed California higher education's problematic future: "Shared Responsibility" (California Higher Education Policy Center, 1998); "Breaking the Social Contract" (RAND, 1997); "A State of Learning" (California Citizens Commission on Higher Education, 1998); and "California at the Crossroads" (California Education Roundtable, 1998). All four reports focus on five strategies for the future: budgetary stability, rational student charges, productivity increases, governance changes, and improved linkages to K-12 education. Interviews with 30 California higher education policy leaders found that these reports had considerable impact on their thinking. It is concluded that the time appears ripe for a new Master Plan for California higher education, one that would replace emphasis on the distinguishing characteristics of the three public segments (the University of California, California State University, and California Community College systems) with concern for regional cooperation and organization, and include K-12 education within its scope as a full partner. A list of individuals interviewed is appended. (Contains 36 references.) (MDM)

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THE CHALLENGES FACING CALIFORNIA HIGHER EDUCATION

A Memorandum to the Next Governor of California

September 1998

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THE CHALLENGES FACING CALIFORNIA HIGHER EDUCATION

A Memorandum to the Next Governor of California

By David W. Breneman

September 1998

The National Center for Public Policy and Higher Education

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Introduction

The Challenges Facing California Higher Education: A Memorandum to the Next Governor of California assesses the present condition of higher education policy in California. This report and a companion report on California higher education enrollment projections (*Tidal Wave II Revisited)* were commissioned by the National Center for Public Policy and Higher Education, and supported with a grant from The James Irvine Foundation.

The National Center was fortunate to enlist David Breneman, the report's author, for this task. Mr. Breneman is University Professor and Dean at the Curry School of Education at the University of Virginia. He is one of the nation's leaders in experience and thoughtful analyses of higher education policy. Mr. Breneman undertook a similar assessment in California just over three years ago. His report, *A State of Emergency? California's Crisis in Higher Education* (1995), called attention to a policy crisis in California higher education, one characterized by declining financial support, by rapidly deteriorating educational opportunity, and by a lack of policy leadership in state government and higher education.

In 1998 Mr. Breneman finds—in sharp contrast to 1995—great consensus about the core issues and problems now facing California higher education. The consensus is reflected in three major policy reports issued by privately funded independent policy organizations. And he finds that consensus confirmed in his interviews with the present leaders of public and private education. Today, these leaders are seriously engaged, he finds, with substantive issues to a greater extent than previously. In particular they are aware of the necessity of accommodating the educational needs of a rapidly growing, increasingly heterogeneous population of young Californians who are now progressing through the state's elementary and secondary schools.

The central higher education policy issue confronting the state's leaders, Mr. Breneman finds, is reflected in the policy reports: California needs to accommodate approximately 500,000 additional students over the next decade. At stake is whether the next generation of California high school graduates will have the opportunities for education and training beyond high school that have been available to current and previous generations. If this commitment is to be maintained into the 21st century, California and its leaders must be prepared to confront the following difficult and complex issues:

- The current infusion of massive state financial support not withstanding, the state does not have fiscal resources to accommodate the 500,000 additional students that are expected. Traditional solutions derived from the 1960s—building new campuses and escalat-

ing costs—simply cannot be sustained over the long term.

- The highly successful 1960 Master Plan for Higher Education placed primary emphasis on developing three statewide public segments of higher education with rigorous distinctions among them, and between the institutions and the public schools. Mr. Breneman appropriately asks whether this compartmental approach can serve California as well in the future as it did in the past. Should each component of public education continue to focus primarily on its own statewide mission? Or, as he suggests, would California be better served if the present structure were adapted, in whole or in part, to regional approaches, ones that would not rely on altruism alone for collaboration and cooperation across educational institutions.

- In addressing his report to the next governor, Mr. Breneman highlights the need and opportunity for state leadership in higher education policy. Historically, generous state support for the educational status quo in prosperous times has alternated with drastic cuts in difficult times. This budgetary instability has left the state ill-prepared for the challenges described by Mr. Breneman and by the policy reports, and is a problem which only the governor can address.

California philanthropic organizations supported the three major policy reports described in this report. A fourth report described by Mr. Breneman was a response by the California Education Roundtable. These reports have identified a public policy agenda and some key ideas for shaping California higher education so that it meets the demands of the next decade and beyond. The improved quality of leadership within higher education is a welcome and necessary condition for addressing the future of educational accessibility and quality in California. But higher education leadership alone is not sufficient. The governor and Legislature must now bring their commitment to resolving the fate of higher education's future. They must come to the table to set the agenda, support needed change and assure public accountability.

The National Center extends its appreciation to David Breneman for yet another important contribution to California higher education. The Center is also indebted to Leobardo Estrada, Gerald Hayward and William Pickens, who reviewed the initial draft of this report and provided helpful suggestions.

Patrick M. Callan
President
National Center for Public Policy and Higher Education

Executive Summary

This paper reviews four major policy proposals for California higher education and describes the results of interviews with more than 30 California higher education and policy leaders. It concludes that the next governor should give serious consideration to exploring a new Master Plan for Higher Education.

Response to a Policy Vacuum: Four Policy Reports. The economic recession of the early 1990s highlighted the fragile nature of California's commitment to college opportunity. Absent clear state policy guidance, institutional response to financial stress was fragmented and ad hoc. More than 200,000 prospective, qualified students were turned away; college enrollment rates of high school graduates dropped below the national average. Moreover, inadequate response to the immediate crisis revealed total lack of state or institutional planning for dramatically increased enrollment pressures over the next two decades. Four policy reports have addressed higher education's problematic future: *Shared Responsibility* (California Higher Education Policy Center, 1996); *Breaking the Social Contract* (RAND, 1997); *A State of Learning* (California Citizens Commission on Higher Education, 1998); and *California at the Crossroads* (California Education Roundtable, 1998).

What Lies Ahead? All four reports accept the consensus that approximately 500,000 additional students can be expected in California higher education by 2005. Although institutional leaders (in *California at the Crossroads*) assume that financial resources to accommodate these additional students will be forthcoming, the other three reports do not. These three project inadequate resources if business-as-usual fiscal and educational practices continue.

Five Broad Themes. All four reports focus on five broad themes as strategies for the future: budgetary stability, rational student charges, productivity increases, governance changes, and improved linkages to K–12 education. The paper details the similarities and differences among the reports.

Interviews with State Policy Leaders. The policy leaders who were interviewed believe that one or more of the reports had considerable impact on their thinking. The interviews indicated that these leaders would be eager to work with the next governor on the Tidal Wave II agenda, and that they would be guided in part by the recommendations and findings of these four reports. In particular, the concept embodied in the title of *Shared Responsibility* seems to have been influential—that is, that responsibility for providing access should be shared among the state, students and families, and institutions. Aside from their views on the four reports, the leaders of the three public segments are taking steps to prepare their respective systems for the future; the new governor should

encourage their initiatives.

Conclusion: A New Master Plan? The next governor has been provided with a valuable resource of analysis and ideas, and it would be a loss to all if these studies were ignored. In particular, with a growing consensus on the problems and the solutions, strong leadership from the next governor is not only essential, but likely to prove successful as well. All four reports express concern about linkages, collaborations, and other informal relationships among colleges and between the colleges and the public schools. Several informal collaborations exist, but K–12 education largely operates in a different world than higher education. Within higher education itself, the three public systems currently function as independent silos. The reality is that the financial, structural, and policy divisions separating K–12 from higher education no longer make sense. Nor do similar divisions separating those public colleges and universities that are in close geographic proximity to each other. The time appears ripe for a new Master Plan, one that would: (1) replace emphasis on the distinguishing characteristics of the three public segments with concern for regional cooperation and organization, and (2) include K–12 education within its scope as a full partner. This is not to argue that each segment should lose its distinctive functions, but rather that a regional focus and inclusion of K–12 education were incipient—but nevertheless strong—themes in both the reports and the interviews. By endorsing explorations in this vein, enormous energies might be released, and California once again could become the education leader among the states.

The first half of this decade was a bad time in California, as the economy declined, employment fell, social services were cut, and the quality of life for many citizens diminished. Fortunately, a resurgent economy is making it possible to repair much of the earlier damage, and the Golden State is on the move again. This report takes a look at just one area of public activity, higher education, which experienced the losses of the early 1990s as severely as any area of civic life. As the resurgence of the California economy makes clear, advanced education and research are at the core of modern economic development. Citizens who fail to attain higher education in a knowledge-based economy increasingly run the risk of being left behind. These facts alone make the strength and reach of higher education a concern for all Californians, and particularly for the next governor, for whom education must rate high on the priority list.

Because of the growing importance of education, several private foundations have spent generously in recent years to support research and prepare policy proposals for California higher education.[1] The primary products of this effort include: *Shared Responsibility* (California Higher Education Policy Center, 1996); *Breaking the Social Contract* (RAND, 1997); *A State of Learning* (California Citizens Commission on Higher Education, 1998); and *California at the Crossroads* (California Education Roundtable, 1998).[2] This report is not a further addition to that list; instead, I have been asked to review the several reports, compare their analyses and recommendations, and provide a brief summary of key findings and points of agreement and disagreement. In addition, during July and August, 1998, I interviewed more than 30 leaders in California, seeking their views on issues facing the state and on the challenges the next governor will face in crafting an effective policy for higher education.[3] As we shall see, the reports share a common assessment of the challenges ahead, and although they differ on the details of their recommendations, they are generally closer together than they are apart. As such, the next governor has been provided with a valuable resource of analysis and ideas, and it would be a loss to all if these studies were ignored. In particular, with a growing consensus on the problems and the solutions, strong leadership from the next governor is not only essential, but also more likely to prove successful.

The reports share a common assessment of the challenges ahead, and although they differ on the details of their recommendations, they are generally closer together than they are apart.

The Early 1990s

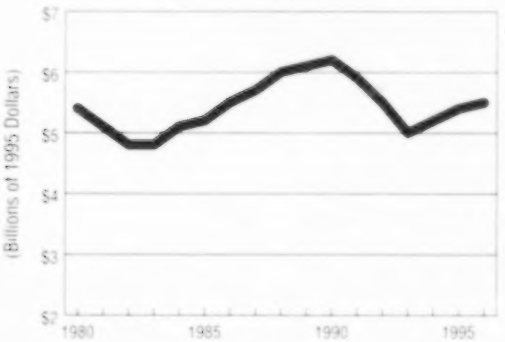
Shared Responsibility summarizes the bad outcomes of the early 1990s in relation to California higher education: Large cuts in appropriations to higher education institutions and to student financial aid, sharply increased student tuition charges, large reductions in total enrollments, huge growth in student loans, and a policy vacuum within the state toward higher education.

- State and local revenues supporting public institutions dropped from $6.74 billion in 1990 to $6.24 billion in 1994, a decline of 7% before inflation (see Figure 1). From fall 1991 to fall 1992, the budget for the California Student Aid Commission (CSAC) dropped by 10%.
- Enrollments plummeted by more than 200,000 students, and enrollment rates of California high school graduates dropped from over 60% in the late 1980s to about 55% in 1996, lower than the national average (see Figure 2).
- Student charges at UC campuses jumped by more than 100% from 1990 to 1993, and sizable increases occurred in the other two public segments as well (see Figure 3).
- Student borrowing increased by 93.5% between 1990 and 1993, a more rapid rate than for the nation as a whole.[4]

By referring to a state policy vacuum, the California Higher Education Policy Center was highlighting the fact that during these lean years budgetary problems drove all decisions, and was expressing concern that the Master Plan's commitment of access to higher education was being abandoned. Furthermore, the policy center emphasized that a huge projected growth in future enrollments, known as Tidal Wave II, was fast approaching without any state plan for handling it. These were, indeed, the bad old days.

Figure 1

California General Fund Appropriations to Public Higher Education



Source: Benjamin and Caroll, *Breaking the Social Contract* (RAND, 1997), p. 13.

The Current Recovery

Fortunately, the economy turned around, and funds have been flowing generously to higher education and to student aid since the 1995–96 budget year. In that year, Governor Pete Wilson agreed to a compact with higher

education, covering the final four years of his term in office. Under the compact, the University of California (UC) and the California State University (CSU) were to receive 2% general fund increases in 1995–96, followed by a commitment to provide increases averaging 4% in the following three years.[3] In practice, these amounts have been exceeded. Student fee increases were envisioned, with at least one-third of any increase recycled by the institutions as student financial aid. In practice, however, the state has "bought out" fee increases for the last two years; last year, indeed, the state paid for a cut in fees of 5%. Capital outlay funds for UC and CSU were promised at $150 million each per year, figures that have been exceeded. In exchange, UC and CSU promised to increase enrollments by an average of 1% per year, and to achieve productivity enhancements that would save $10 million per year. Community college budgets, meanwhile, had their own guarantee, which was established by Proposition 98; community college budgets increased as the state's revenues grew, and the governor committed to compensating the community colleges for the declines in property tax revenue of the early 1990s. In addition, the number of fee waivers for low-income students in the community colleges was increased. Altogether, the governor's four-year compact was a precedent-setting event, and allowed the institutions to regain fiscal health.

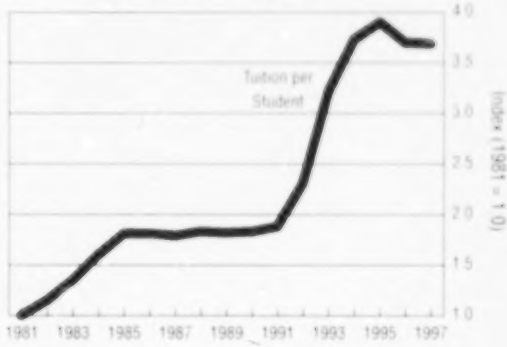
Figure 2

College Enrollment Rate of California High School Graduates

Source: Citizens Commission, *A State of Learning* (1998), p. 4.

Figure 3

Growth of Tuition in California Public Higher Education



Source: Benjamin and Carroll, *Breaking the Social Contract* (RAND, 1997), p. 17.

Is all well, then? Should the next governor simply keep the system on autopilot, perhaps renewing the compact in an updated form? In fact, that is largely what the Education Roundtable, representing the institutions, proposes in their recent report, *California at the Crossroads*. But there are other issues looming on the horizon that make such an approach inadequate. In order to understand these further concerns, we turn now to the several reports.

What Lies Ahead?

Why would a return to business as usual be inadequate? In its own way, each of the reports emphasize two issues: the striking enrollment growth and associated costs that can be foreseen over the next decade as the population increases, a

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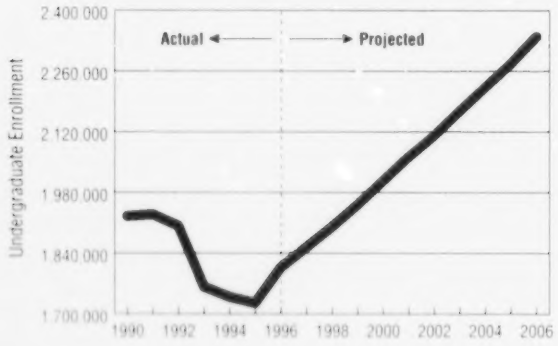
Figure 4

Tidal Wave II:
532,560 Additional Students from 1996 to 2006



Source: Citizens Commission, *A State of Learning* (1998), p. 5.

projected growth that has been called Tidal Wave II; and a concern that state budgetary resources will prove inadequate to fund this expansion if higher education continues to operate under business-as-usual procedures. First, consider the projected enrollment growth.

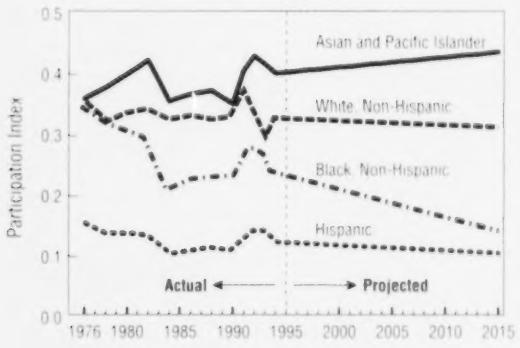
Tidal Wave II

Tidal Wave II has been a term commonly used for several years to refer to the "echo-boom" that is caused, in part, by the children of the original "baby-boom" generation coming of college age. In California, this echo-boom is compounded by net in-migration from other states and by immigration from other countries, each of which contributes to the potential demand for higher education. All four of the reports accept the consensus view that Tidal Wave II can be expected to add approximately 500,000 additional students to California higher education between the mid-1990s and 2005–06 (see Figure 4).[5]

Each of the reports also emphasizes the fact that the California population is increasingly diverse, with as many as 150 different languages spoken, and with Asian, Latino, and black youngsters making up increasing shares of the potential group of college-going citizens. RAND's *Breaking the Social Contract*, however, is the most outspoken of the reports in its concern about the future of California society if the several minority populations fail to gain access to higher education. Figure 5, which demonstrates the issue, shows an index that conveys the ratio of the number of students in higher education for various ethnic/racial groups to the total number of 18- to 29-year-olds in those groups. Given the link between higher education and earnings in the labor market, the RAND authors argue that California could be sitting on a keg of social dynamite if the gaps between participation rates by race and ethnicity are not narrowed.

Figure 5

Participation in California Higher Education
by Race/Ethnicity



Source: Benjamin and Caroll, *Breaking the Social Contract* (RAND, 1997), p. 10.

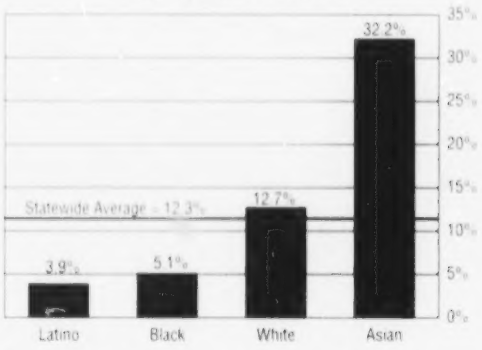
This dilemma has been made more difficult by the enactment of Proposition 209, which prohibits the use of racial or ethnic preferences in admissions policies. The problem facing the University of California, for example, is indicated by Figure 6. Finding acceptable ways to increase enrollment of Latino and black students in the UC

campuses is, perhaps, the most challenging issue facing that system. In addition to the moral aspects of this issue, the practical political fallout for UC is likely to be damaging if its student body is not broadly representative of the state's citizens.

In February 1998, the Office of the Legislative Analyst published a report suggesting that projected increases in enrollment will not be of tidal wave proportions.[7] This is not the place to critique that report,[8] other than to note that it contains little of the social concern best exemplified by the RAND report, and assumes that current low participation rates by Latinos and blacks will continue. The report also argues that enrollment can be suppressed below levels it might otherwise reach, through such policies as raising tuition, changing eligibility standards, and other techniques of enrollment management. In my interviews throughout the state, I found virtually no one willing to accept the Analyst's report as the right basis for policy decisions, and the next governor will quickly discover that his own executive branch agencies use the larger figure for planning purposes.

Figure 6

Percent of California Public High School Graduates Eligible for UC, 1990



Note: Based on sample of 13,641 high school graduates.
Source: UC Task Force on Outreach, *New Directions for Outreach* (1997).

State Budgetary Outlook

If we assume that as many as 500,000 additional students may knock on the doors of California's colleges and universities in the next decade, why do the reports assume that operating under a business-as-usual mode will be unable to handle such growth? I draw directly from the reports in exploring this question.

Shared Responsibility provides the most comprehensive analysis of the financial problem and ways to solve it. Their calculations indicate that:

> The expenditures required over the next ten years to accommodate the 488,000 new students would be about $5.2 billion in new programs and buildings under the "business-as-usual approach." This estimated cost is only for the *additional* state costs of educating the *additional* undergraduates. . . . Belief that $5.2 billion for programs and buildings will be available over the next ten years if current fiscal and educational practices continue requires optimistic—indeed, unrealistic—assumptions about state revenue growth or higher education's share of these revenues, or both.[9]

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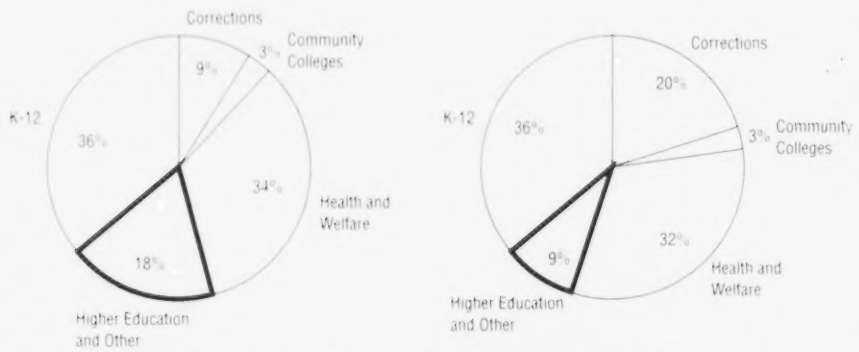
Authors of this report provide a framework for actions by the state, by colleges and universities, and by students and parents for sharing the benefits and burdens of meeting the enrollment challenge in a more cost-effective way (to be described later).

The RAND report paints an even gloomier economic picture, based on an assessment of multiple future demands on the state's general fund (see Figure 7). Essentially, the authors of the RAND report see much of the state's budget as determined by mandatory expenditures for health and welfare programs, K–12 education, and corrections, leaving higher education increasingly vulnerable as part of the small, discretionary share of the budget. Over time, they see that discretionary share diminished, thereby denying higher education the amount of state support required to meet Tidal Wave II.

The California Citizens Commission focuses more on business cycles in the economy, emphasizing that although the economy is surging now, downturns will inevitably occur, resulting in cutbacks similar to those of the early 1990s. The commission also notes that higher education has received a steadily declining share of state general funds over the past 20 years, as Figure 8 shows. As a result, the commission stresses the need for fundamental reform in the method of financing higher education, moving away from the year-at-a-time approach and toward a method of stabilizing funds over the cycle. But even should their reforms be enacted, the commission also argues that institutions must achieve productivity gains if the enrollment demands of Tidal Wave II are to be met.

Figure 7

Distribution of California General Fund Expenditures



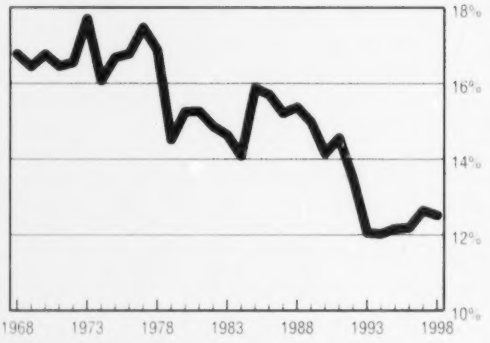
Source: Benjamin and Caroll, *Breaking the Social Contract* (RAND, 1997), p. 15.

California at the Crossroads is essentially an argument by the higher education institutions for a second multi-year compact, modeled on the previous one adopted by Governor Wilson. The document is most specific in presenting its budget request to the state; it is less precise in dealing with restructuring higher education and increasing the accountability of colleges and universities. The report is not clear on whether or not Tidal Wave II can be handled by the colleges

so long as their budget request is met, nor does it suggest that anything other than a lack of will may prevent the state from providing the funding proposed. In this respect, this report is less comprehensive than the other three.

Figure 8

Percentage of California General Fund Revenues Received by Higher Education



Source: Citizens Commission, *A State of Learning* (1998), p. 8.

Proposed Solutions: Five Broad Themes

The reports, although differing in their details, focus on five broad themes as strategies for dealing with Tidal Wave II in a constrained budgetary environment. These themes are: budgetary stability, student charges, productivity increases, governance reform, and improved linkages to K–12 education. Each of these topics is considered below, with the approach of each report noted.

1. Budgetary Stability

All of the reports agree that the boom and bust cycle of funding higher education in recent years is destructive and ultimately more expensive for society than would be a regime of more predictable funding. One common concern is that the down cycle unleashes sharp increases in student charges, which not only depress enrollment, but also are inequitable to those students and families who bear the brunt of the increases. Uncertainty about funding can also trigger hasty actions that may be unwise in the long run. For instance, UC's offers of early retirement in the early 1990s caused over 2,000 faculty to depart, many of them among the strongest in their fields. CSU and the community colleges, meanwhile, closed thousands of sections of course offerings, contributing both to diminished enrollment and to increased time to degree. The urgency of events in the early 1990s led to across-the-board budget actions, yet prevented the thoughtful pruning of weak programs. It is in California's best interests to avoid such a wrenching adjustment again.

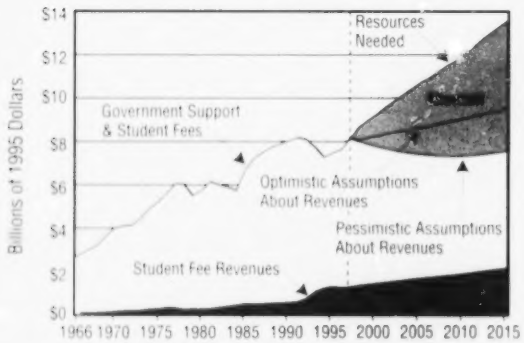
The Citizens Commission takes direct aim at this problem in two ways; they recommend that base budgets be stabilized, and that a trust fund be created that would hold extra revenue in good times to be used during economic downfalls. The commission recommends implementing the first idea by guaranteeing UC and CSU no less than the percentage of general funds that was appropriated to each segment in the preceding year, while the community colleges would be guaranteed no less than 10.6% of the Proposition 98 funds, using that ratio to determine their annual level of support. Furthermore, enrollment

growth would only be funded (at the agreed upon marginal cost per student in each segment) if annual enrollment increases exceed 1.5%, with the exception of enrollment in teacher education at CSU, which would be fully funded. The trust fund would receive any funds over a 4% annual increase available in a given year; for example, in 1998–99, nearly $600 million is slated as new funds to UC and CSU, well over the 4% mark. Under the commission's proposal, much of that increase would be salted away for harder times.

The RAND recommendations are couched differently, in that the authors estimate the future fiscal shortfall that the institutions will face if they are to meet projected enrollment demand. They project that by 2015, higher education will need $13.6 billion (in 1995 dollars) to meet annual costs, compared with about $7.5 billion in 1995 ($6.2 billion in state support plus $1.3 billion in student charges), as shown in Figure 9. The authors urge the state (with help from local and federal governments) to fill at least half of the shortfall, with the remainder made up by additional student charges and productivity increases. Indeed, most of their recommendations concentrate on productivity gains and how they might be achieved.

Figure 9

Funding Shortfall Facing California Higher Education



Note: Figure 9 assumes that student fee increases are capped at the rate of inflation, and that current trends in participation and costs continue. Data is projected after 1997.

Source: Benjamin and Caroll, *Breaking the Social Contract* (RAND: 1997), p. 18.

California at the Crossroads, the Education Roundtable report, is highly precise in its request for state funds; indeed, this is the most precise aspect of the report. Modeled on the first compact struck with Governor Wilson, the report requests annual increases of 4% for the next four years, coupled with full funding over and above that amount for enrollment increases, based on the agreed-upon marginal cost per student in each segment. For capital outlay, the report requests $750 million per year—a striking 67% increase over the previous compact—to be divided evenly among UC, CSU, and the community colleges.

This report has the strength of being similar to the earlier compact, which did prove workable. That is, it covers the next four years only, does not have a strategy to reach 2015, and does not call for coordinated activities that are difficult to accomplish. This strength is also its greatest weakness, because it is imprecise on all other matters, including the productivity contributions that should be a *quid pro quo* for such support. The words are there, but the actions are not clearly laid out, and four years from now it would be impossible to determine whether any of the gains in accountability and restructuring that are promised have actually happened. This document is fundamentally a budget request,

pure and simple, and differs from the other three reports in that regard.

Shared Responsibility takes a more complicated but potentially more effective approach, to the problem of funding Tidal Wave II. The report calls for a new social compact among the state, colleges and universities, and students and families, under which "the benefits and burdens of maintaining college opportunity would be fairly shared among all parties."[10] Under this plan, a clear *quid pro quo* from the institutions and from potential students would be expected in return for state funds:

> The Governor and Legislature should preserve the state's investment in higher education and target additional support to campuses that accept additional undergraduate students. The state should hold colleges and universities accountable for the enrollment of eligible undergraduate students, and for cost-effective operations, including the establishment of priorities and the reallocation of resources. The state should expect students to be better prepared for college, and to share in the cost of increased undergraduate enrollment.[11]

Under this plan, the $5.2 billion increase in expenditures estimated under a business-as-usual approach could be cut by more than $3.3 billion, as shown in Figure 10. This proposal is ambitious, and it is unlikely that all of the pieces could be made to fall together. Nonetheless, each idea implemented produces cost savings, and the proposals are sufficiently independent of each other so that enactment of even some of them would reduce significantly the cost of enrolling the additional students of Tidal Wave II.

2. *Student Charges*

Three of the reports have specific recommendations regarding the growth of student charges, while one (the RAND report) raises issues, but does not advance a firm recommendation. The Citizens Commission is quite precise: "Resident student fees should be changed annually by a fixed amount based on changes in an index which measures income available to Californians."[12] Under that policy, charges would increase by 4.6% per year during the next five years. Furthermore, the commission would put an end to the policy, embodied in the first compact with Governor Wilson, of "recycling" one-third of the fee increases as student financial aid, a policy some view as robbing Peter to pay Paul. Instead, they argue that all financial aid should be provided directly through state appropriations.

The Education Roundtable report argues for a fee policy that "provides for

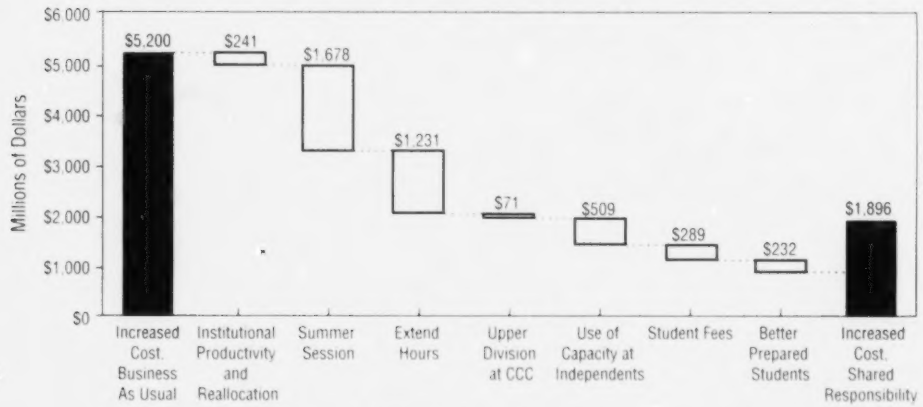
fees to grow at a rate equivalent to the percentage increase in the state's per capita personal income."[13] Unlike the Citizens Commission, the Education Roundtable would continue the policy of "recycling" a portion of student fee increases into student aid.

Shared Responsibility argues that "undergraduate student fee increases should be based on two factors: (1) affordability, as measured by the rate of growth of personal income in California, and (2) the student share of the cost of additional undergraduate enrollments."[14] In particular, the report argues that fees should not increase by more than 6% per year in UC, by more than 5% at CSU, and by more than 4% at the community colleges. It also agrees with the Citizens Commission that "recycling" fee increases should cease, with direct appropriations for that purpose to the Student Aid Commission.

Figure 10

From Business as Usual to Shared Responsibility: Options for Funding Tidal Wave II

Steps to Reducing and Sharing the Costs of Programs and Buildings



Note: The column on the left and right include operating and capital costs. The column on the right represents the estimated amount that the state can reasonably increase its spending. The savings totaled from the different strategies exceed this amount by nearly $1 billion

Source: California Higher Education Policy Center, *Shared Responsibility* (1996), p. 9

The RAND report raises the following questions, without proposing an answer: What are the appropriate shares of educational cost for the student, state and federal governments, and the institutions to bear? Should student support be distributed directly to students, as is true of federal Pell Grants, or should the subsidy be provided indirectly, by supporting the institutions and keeping tuition universally low, regardless of student income? Should aid be based exclusively on need, or should merit play a role? And should the public institutions receive a guaranteed share of the state's revenue, as Proposition 98 provides for K–12 education and the community colleges? These are all valid questions; the report remains silent on the answers.

From the standpoint of higher educational finance, the noteworthy thing about the recommendations on student charges in the first three reports mentioned above is the shift to some measure of personal income as the basis for proposing increases, as opposed to a share of educational costs, which has been

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the more common approach. The California Postsecondary Education Commission (CPEC), for example, follows that older pattern in recommending that fees not exceed 15% of cost in the community colleges, 30% in CSU, and 40% in UC.[15] The shift to an income base is obviously an attempt to respond to concerns about affordability, which are high on the list of public concerns.

3. Productivity Increases

With this topic, we enter an arena of intense controversy, for there is a well-established view that holds that higher education is the type of activity that cannot achieve increases in productivity without a loss of quality.[16] The argument goes to the core of the educational production function, which, it is alleged, is a craft activity, similar to the performance of a string quartet. How does one increase the productivity of a live string quartet performance? Does one dispense with one of the players, and perform the music as a trio? Does one speed-up the performance, doing 45 minutes of music in 30 minutes? The point is obvious; it will take four string players 45 minutes to perform a given string quartet, and there is simply no way to increase the output per musician. So, by analogy, goes teaching; it will take one professor so many hours with so many students to produce X units of learning, and if we cut the time, or increase the number of students, we will diminish the quality of the activity (i.e., we will no longer gain the same output). This is a reasonable argument, not easily dismissed; yet three of the reports assume that productivity gains can be achieved in order to meet the enrollment demands of Tidal Wave II. What are the arguments?

Shared Responsibility does the best job on this issue (see Figure 10, shown previously, for specific suggestions). This report does not directly confront the string quartet analogy, but it envisions productivity gains of a different sort, primarily through reduced capital outlays. For example, by reallocating existing resources from activities with lower values to those with higher values, the authors project that $241 million can be saved. By going to year-round operation, an additional $1,678 million is saved. By extending the hours of college operation, savings of $1,231 million are projected. By becoming better prepared, students would save the state another $232 million. None of these examples is rendered inoperative by the earlier argument about educational production functions, and hence each should seriously be considered. We shall see in a later section that the new chancellor of CSU is firmly committed to achieving precisely these types of productivity gains, an encouraging sign.

The RAND report also makes this issue the core of its recommendations:

> California institutions of higher education should make major

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> structural changes in their decisionmaking systems so that their leaders can assess the relative value of departments, programs, and systems in order to reallocate scarce resources. . . .
>
> As part of their overall restructuring, California's colleges and universities should pursue greater mission differentiation to streamline their services and better respond to the changing needs of their constituencies. . . .
>
> Colleges and universities should develop sharing arrangements to improve productivity.[17]

A continuing emphasis in work at RAND involves these issues, and the basic point to be noted is that this organization is committed to working on ways to enable colleges and universities to pursue such objectives, should their leaders choose to do so. Part of the authors' argument is that corporate leaders will insist on such results before they will throw their support behind increased resources for universities.

The Citizens Commission touches on these issues as well, with their recommendation that:

> The state government and the institutions of higher education should make extraordinary efforts to use existing facilities more extensively and wisely by:
>
> A. Providing fiscal incentives to all higher education for sharing facilities.
>
> B. Providing fiscal incentives to all higher education to encourage joint programs in the public interest.
>
> C. Adopting a long-term policy to explore alternatives to new construction in the public segments.[18]

Avoiding the creation of new institutions is a theme that will be discussed in greater detail at the end of this section, for it is a prominent feature of the reports by the Citizens Commission and the California Higher Education Policy Center.

Finally, the Education Roundtable report has a few words on productivity, but there is an aura of conservatism on just how far such changes are likely to go. The report argues that the colleges can:

> increase the availability of classes to improve time-to-degree for students, expand current efforts to develop joint academic degree programs, develop a collaboration between the institutions that assures the transferability of units and sharing of infrastructure and faculty, and contain the rising costs of higher education by improved management, sharing of resources, and more effective planning.[19]

The ideas are sound, but are the commitments sufficiently precise? I was told during my interviews that Governor Wilson had vetoed a second compact because he was uncertain that the institutions were ready to pursue further productivity gains, and the jury is still out on this question.

A Note on New Campus Construction

The ultimate example of business as usual would be the construction of new campuses. Two of the reports address the issue directly: *Shared Responsibility* and the Citizens Commission report. Of the two, the former is more blunt:

> New public campuses should not be built for at least ten years. Maintenance and renovation of public campus facilities should be the highest priority for state capital outlay support. The state should require greater use of classrooms each week, and instruction should be scheduled on a year-round basis.[20]

The Citizens Commission waffles a bit, in part because by the time their report was finished, the 10th UC campus in Merced was effectively a "done deal" politically, and one presumes they saw no point in railing against the obvious. It is clear, however, that their view is similar to that of the California Higher Education Policy Center, for they state that "new construction for additional enrollment capacity should come only as a last resort."[21] While the RAND report does not address this question directly, it is clear from their approach that the authors would be critical of new campus construction as well.

Why such opposition to what must surely seem the most logical way to handle Tidal Wave II? The answer is obvious: new construction is the most expensive way to handle enrollment growth. And, in particular, when that new growth is a UC campus, one is buying not just space for undergraduates, which is what is needed, but also the research and graduate education that comes with it, all at great expense. The Citizens Commission did argue that this new UC campus should be different from the others, in that it should have an undergraduate emphasis,[22] but the dynamic created within the UC system virtually guarantees that UC Merced will be a cookie-cutter version of the other campuses, complete with the full array of activities that defines a research university. Several people whom I interviewed this summer noted that it would have made sense, at a minimum, to locate the new campus in downtown Fresno, where the people are, and in an area that needs the economic revitalization that the new campus would bring. Instead, the location selected virtually assures the creation of a freestanding residential campus that is similar to others.

A further danger of starting down the road of new campus construction is

that one unleashes all the political forces that will prompt other legislators to want one in their area. Already voices are being heard, calling for an 11th UC campus in Chula Vista. Part of the purpose of the original Master Plan was to rein in the political pressure that prompts calls for a campus in every legislative district. Now, alas, that genie is out of the bottle. The next governor would be well advised to squelch any such aspirations promptly and decisively. Whatever else California higher education may need, additional research universities are not among them.

4. Governance Reform

Of the five broad themes in the reports, the area of greatest divergence concerns governance reform. The Citizens Commission devotes considerable emphasis to this subject, more so than any other report. The two most controversial ideas they put forth are a dramatic restructuring of community college governance and CPEC. For the community colleges, the commission's proposal would eliminate the 71 elected local district boards of trustees, and replace them with appointed governance councils, made up of nine members appointed by locally elected officials, four members appointed by the statewide Board of Trustees, and four members appointed by campus constituencies (administration, faculty, staff, and students). They also urge that all provisions of the state's *Education Code* governing community colleges should sunset as part of this rearrangement.[23] For CPEC, they propose reducing its membership from 17 to 9 members, consisting of appointments made by the governor, the Assembly speaker, and the Senate Rules Committee. They would also strengthen the agency by giving it expanded authority to serve as the prime advisor to the Department of Finance, the governor, and the Legislature on budgetary and policy matters for both public and private higher education, and to serve as the agency to distribute special funds to promote cooperation, efficiency, and resource sharing among campuses and K–12 schools.[24]

Of the five broad themes in the reports, the area of greatest divergence concerns governance reform.

The governance change proposed for community colleges is clearly motivated in part by the fiscal and accountability problems experienced by several of the large, urban, multi-campus districts.[25] A secondary motivation is the desire to align the community colleges more closely with the governance arrangements of UC and CSU, where a president or chancellor serves as a strong system head, reporting to a single Board of Regents or Trustees. Labor contract negotiations would also be centralized for the system under the chancellor's office, rather than decentralized to the district level, as currently occurs.

The proposal to strengthen CPEC is clearly modeled on the common pat-

tern in other states in which a coordinating board has real authority, and is the conduit through which budget requests from the campuses make their way to the governor and Legislature, often with a critical view of the requests, coupled with the agency's own recommendation. Among statewide boards, CPEC is currently among the weakest nationally, and it is certainly worth considering this proposal. It is also worth considering, however, why the other reports did not advance similar recommendations.

My assumption is that the other reports ducked such issues because they have the potential to be highly controversial, and can become virtually the only thing that gets considered and debated, distracting from the more fundamental need to move quickly to accommodate Tidal Wave II. A number of observers of the California scene would question, for example, the continued value of the three, distinct systems, arguing instead that the system offices be disbanded and that more market-like conditions be allowed to prevail. To raise such issues at this time, however, would be counter-productive to the real needs of the state, and would shift attention away from the enrollment concerns that drive these reports.

Shared Responsibility does endorse the recommendation that the *Education Code*, which in its annotated version runs to three full volumes and over four hundred pages of statutes, be thoroughly reviewed with an eye to eliminating laws and regulations that are no longer of value.[26] The chancellor of the community college system is pursuing this objective, and it seems a worthy one.

One common theme in my interviews was the problem created by the increasingly politicized nature of the UC Board of Regents, a problem not limited to California, but one that troubles many public institutions.[27] Governors increasingly use the board to make political appointments rather than to ensure the strongest possible appointments of knowledgeable, influential and independent citizens. None of the reports, however, discuss this issue, which may be the most important governance concern of all.

5. Linkage to K–12 Schools

A relatively new issue that might not have appeared in similar reports in earlier years, but that is at the forefront of public attention today, is the sorry state of K–12 education and the need to connect the colleges and universities in ways that help to improve student performance. Factors that contribute to this change include: growing concern about the amount of remedial education being taught in college;[28] the need to improve performance of Latino and black students so that they can gain places in the more selective campuses, now that Proposition

209 has blocked preferential admissions; and the general awareness that K–12 and higher education are one system, with the requirements for college admission setting the standard that K–12 must achieve. Sadly, the history of higher education in this country, at least since the 1960s, has been to isolate K–12 from higher education, with different actors and policymakers operating in each sector. It is as if education were divided into geological slabs, with few people paying attention to the vertical linkages between them. One salutary feature of recent times is the breakdown of this artificial division, a topic that is addressed by all the reports.

Enhanced student performance is one of the key strategies advanced by *Shared Responsibility*, as it should be possible for more students to accelerate progress by taking Advanced Placement courses in high school, as well as enrolling in college-level courses in high school and at community colleges. In this sense, the report shifts the focus on productivity from the professor to the student, adopting the concept of "learner productivity." Similarly, while in college, students should be encouraged to accelerate their programs, enrolling in summer as well as during the regular academic year. The report also stresses the need to improve teacher preparation, a responsibility primarily of the CSU system.

The Citizens Commission places even greater emphasis on improved linkages, arguing that "the state should make the institutions of higher education explicitly accountable for improving the quality and effectiveness of K–12 and of teacher education."[29] Included among their proposals would be a teacher improvement and development fund established from Proposition 98 funds and matching amounts from higher education budgets. The CSU system is encouraged to place highest priority on and to redirect resources to its schools of education in order to improve teacher preparation. Colleges and universities are urged to clarify the standards and competencies required to succeed in college, and to support efforts at competency-based reform in the schools.[30]

The Education Roundtable report devotes a section to the need to strengthen collaborations with K–12 education, with proposals to set and enforce high goals for academic achievement, increased priority for new teacher preparation, commit to participate in community-school partnerships to serve the needs of low income, at-risk students, and to bring the results of research on best practice to the schools, through active collaborations.[31]

The RAND report focuses on the need for the CSU system to take the lead in improved teacher preparation, and, along with all segments of higher education, to encourage efforts at K–12 school reform.[32]

In short, there exists unanimity on this subject in all reports, and as mentioned earlier, it is noteworthy that the topic is addressed at all. Indeed, this is

one of the most heartening developments of recent years.

Findings from Interviews, July and August 1998

As noted earlier, in July and August of this year I had the opportunity to talk at length with more than 30 leaders from higher education and state government about the reports, and how they assess progress toward the issues raised therein. (Individuals interviewed are listed in the appendix.) The interviews were confidential, and in what follows I do not quote anyone directly, or attribute views to particular people, other than views publicly expressed elsewhere. The interviews provided a unique window into the thinking of those who will be influential in implementing recommendations from the reports, if that is to happen.

Let me first comment on the radically different tone of the discussions this year, compared with a similar round of interviews I conducted in 1993–94, preparatory to writing a report for the California Higher Education Policy Center.[3] At that time I was thoroughly disheartened by the failure of leadership to grapple with the onset of Tidal Wave II, by the short-run thinking I encountered, and by what I called a "state of denial" about future educational needs in the state. Indeed, at that time, the University of California seemed more intent on denying the existence of Tidal Wave II than doing anything constructive about it. The governor's office and the Legislature appeared to be largely disengaged from the issues, and the three systems seemed more intent on defending prior gains than on looking ahead and exploring ideas. In retrospect, California had not experienced such a prolonged recession for many years, and it is clear that few were prepared for it. Eventually, as the economy improved, and as the first compact was negotiated with the governor, a sense of perspective returned, and people began focusing on the needs ahead. My interviews in 1998 reflected this more optimistic tone, as the fresh flow of resources provides people with the energy and willingness to tackle hard problems.

The danger, of course, is that a new setback in the economy, which is likely to happen in the next several years, will close people down again into defensive postures at just the point that large numbers of young people are ready for college.

The danger, of course, is that a new setback in the economy, which is likely to happen in the next several years, will close people down again into defensive postures at just the point that large numbers of young people are ready for college. There is also the danger that short-term thinking will not be limited just to hard times, but will continue now that the economy is improved. It seems incumbent, therefore, for all concerned—the next governor, the Legislature, the institution heads—to put in place safeguards to ensure that access is not curtailed for thousands of students in the next downturn, as occurred during the last. The reports and their recommendations provide numerous constructive ideas to prevent that from happening.

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In particular, the biggest danger would be a relapse into "business as usual," with any sense of urgency lost, now that the money is flowing again. Everything we know about modern economies points to the likelihood of subsequent downturns, and now is the time to plan for that occurrence. *Shared Responsibility* used the metaphor of the "eye of the hurricane" to point out that it is in good times that one must prepare for the difficult times likely to follow. My interviews were generally encouraging on this front, and I believe that the next governor will find the leaders of higher education eager to work with him on the Tidal Wave II agenda, guided in part by the recommendations and findings of these four reports.

Reactions to the Reports

The general sense I gained from the interviews is that most thought that the reports had had considerable impact, although two of the reports, the Citizens Commission and the Education Roundtable, were only recently released. Those with whom I talked were generally aware of these last two reports, and had often participated in the deliberations prior to their publication. People did not remember the details of *Shared Responsibility*, which was released over two years ago, but there was a strong sense from those in a position to know that the report had considerable impact on the Office of the Governor and on key members of the Legislature (approval of the 10th UC campus notwithstanding). The concept embodied in the title—shared responsibility—seems to have made an impact, signifying that one could not leave the responsibility for Tidal Wave II entirely up to the state.

The RAND report had more mixed reviews, in part because several thought the budget projections showing higher education being slowly squeezed out were unduly pessimistic. In particular, the steady growth of corrections was thought to be overestimated considerably. It is an open secret that this report was originally planned to represent the views of the Education Roundtable, whose members (the heads of the institutions) did not think highly of it; the report was not what they wanted. Instead, *California at the Crossroads*, the recent report of the Education Roundtable, was produced to fill that gap. As we have seen, *California at the Crossroads* is essentially a budget request for a second compact, and, assuredly, that is not what RAND produced. It was no doubt naive to think that a social science think tank would produce that type of document; it is not in their nature. Instead, the RAND report laid out the challenge of accommodating Tidal Wave II, and urged considerable reallocation within institutions to achieve that objective. Apparently, the institution heads did not want

to hear that message, at least as bluntly as the report delivered it, and they unofficially disavowed it. The institution heads were none too comfortable with the California Higher Education Policy Center (author of Sha*red Responsibility*) either, and such friction may simply be in the nature of things.

The Citizens Commission report, being recently released, was clearer in the minds of those with whom I talked, and again the reaction was decidedly mixed. The governance recommendations, which included calls for appointed rather than elected boards of the community colleges and for strengthening CPEC, were predictably controversial, with several either denouncing the ideas or simply stating that they would not fly politically. The recommendation on community college boards would affect hundreds of elected officials, and in California, being elected to a community college board is often the start of a political career leading to the Legislature. Few thought this recommendation would go anywhere, although the problem it was attempting to address was acknowledged. Similarly, I encountered few enthusiasts for a strengthened CPEC, and without clear advocates either in the governor's office or in the Legislature, this proposal will also die. The trust fund proposal, under which extra funds for higher education are banked in good years and drawn upon in bad years, was similarly dismissed by most interviewees, not because it is a bad idea, but simply because it goes so counter to the existing political culture. Few thought that the Legislature would sit back and watch funds being banked when they could either be spent or returned as tax cuts. One has the sense that the commission's central recommendations will go unfulfilled.

Several people I visited had not seen the Education Roundtable report (*California at the Crossroads*), but those who glanced at my copy recognized it as simply a fancy version of the request for a second multi-year compact, which the governor had turned down. The concern was that there were not enough specifics on institutional productivity gains, that there was nothing that could be nailed down, assessed, and used for accountability purposes. The next governor would be wise to insist upon such measurable contributions by the institutions in exchange for a multi-year funding agreement, contributions that are fully in spirit of the proposals in the other three reports.

Other Findings

In addition to discussion about the reports, several other ideas surfaced. I should first mention the strong, positive reaction I had to the views and approach taken by the new chancellor of the CSU system, Charles Reed, and his new deputy, David Spence. Both men have had wide-ranging experience in sys-

tems of higher education outside California, and they bring to the task a refreshing willingness to tackle the hard issues before them, something that insiders often lack. Reed told me that before he arrived, he was worried about how Tidal Wave II could be accommodated, but upon seeing how much unused capacity exists on the CSU campuses, he has no doubt that with more extensive use of existing facilities, CSU can do its share. He and Spence are actively pursuing year-round operation, longer class days, weekend courses, and numerous other ways to maximize the potential use of the existing physical plant. This policy will cost more money in operating funds, but is far cheaper than building new campuses, the point that *Shared Responsibility* made so clearly. Reed is also firmly committed to improving and increasing the output of the teacher education programs at CSU, a point mentioned in several of the reports. The next governor would be well advised to give the chancellor and his staff all support necessary, for this system head is clearly committed to addressing the issues raised in the reports, and coping with Tidal Wave II.

The UC system under President Richard Atkinson has recognized its need for greater outreach to communities within the state, including outreach to the K–12 schools in order to increase the number of minority youth able to qualify for UC admission. A report by the UC Outreach Task Force, completed in July 1997, lays out in considerable detail what the University must do in order to enhance linkages with the public schools.[34] Furthermore, in response to concerns expressed by business leaders, the university is committed to increasing both undergraduate and graduate enrollments in engineering and computer science, in order to meet the labor force needs of the new economy.[35] While the university is sheltered by its constitutional autonomy, it is clear that public opinion and the growing needs of society are making an impact, and helping its leaders to move the university toward greater involvement with the surrounding society. Such moves are to be applauded, and the next governor should do all in his power to encourage these directions.

Nor are the community colleges standing still. The new chancellor, Thomas Nussbaum, has a strategic plan that meshes well with the concerns of the reports for increased access to higher education. Much of the work is at the nuts-and-bolts level, involving calendar changes for less down-time, improved articulation requirements with high schools, improved transfer agreements with four-year colleges, expanded use of technology, and outcome assessment. Noteworthy is the new Partnership for Excellence, a commitment of an additional $100 million per year by the governor and Legislature to augment community college budgets for a sustained period in exchange for community college commitment to meet specific student and performance outcomes. The chancellor of

the community colleges is not as strong a position as the heads of UC and CSU (the issue the Citizens Commission seeks to change), but he seems comfortable working with the districts in a federalist model of leadership. One suspects that the community colleges can be counted on to do their share in meeting Tidal Wave II, in large part because ensuring access is their central value.

Little has been said about the 71 private colleges and universities of California thus far, but the reports all note the importance of using spaces in these colleges and universities to maximum advantage. The principal means of ensuring that result is to increase the awards available under the Cal Grant program, and that has been done. The recently signed state budget has funds in it to raise the maximum Cal Grant to more than $9,000, an amount that will enable many students to attend a private college, if that is their choice. When the enrollment crunch hits, few seats should be empty in California's private colleges.

A newcomer to educational supply, the California Virtual University, is also up and running, and may help modestly in meeting some aspects of future enrollment demand, although just how much is highly uncertain. This initiative links the on-line course offerings of any accredited California college or university (89 colleges are currently participating) and awards credits and degrees through the institutions;[36] the virtual university offers a well designed and promising addition to the array of educational options available to state residents. It is likely that the main users of distance learning will be older, part-time students, rather than the undergraduates that make up Tidal Wave II.

A common concern expressed by several educators was the impact of term limits on legislative expertise (or lack thereof) of elected officials. Interviewees expressed concern that time in office is too short for legislators to develop the depth of understanding that makes for good laws and good budget policy. Presumably, if this complaint is accurate, higher education is not alone in experiencing the problem, and this issue is obviously something the people of the state will have to evaluate and change, should that seem desirable. It is noteworthy that leaders in higher education could only point to three or four legislators as sufficiently knowledgeable and interested in higher education to be worthy of interviewing.

The 1960 Master Plan needs to be rethought along very different lines for the next decade and beyond. The new direction should focus less on the three public segments, and their distinguishing features and roles, and more on a regional (geographic) basis, while including K–12 education as a full partner.

A Concluding Thought

In all this array of reports and interviews, one intriguing idea emerged, more from the interviews than the reports, although the pieces are present in the reports as well. The idea is that the 1960 Master Plan needs to be rethought along very different lines for the next decade and beyond. The new direction should

focus less on the three public segments, and their distinguishing features and roles, and more on a regional (geographic) basis, while including K–12 education as a full partner. We have seen that all the reports express concern about linkages, collaborations, and other formal and informal relationships between colleges and their surrounding public schools; why not formalize this set of relationships by thinking comprehensively about the educational needs of Californians, from pre-kindergarten through graduate school? (Already, informal collaborations of UC, CSU, community colleges, and middle and high schools are operating in Sacramento, Santa Cruz, and San Diego.) It is not clear how much the absence of such linkages contributed to the problems K–12 faces today, but surely the lack of explicit linkages did not help. California and the nation need more people who are capable of thinking about educational policy and practice across the spectrum of grades and levels—for it is, after all, ultimately one system. The artificial separation after grade 12 is increasingly seen as just that, artificial. As policies move in the direction of encouraging near-universal attendance beyond high school in some form of postsecondary education (and as lifelong learning becomes a reality rather than just a phrase), the financial, bureaucratic and policy divisions separating K–12 from higher education make less and less sense. A new Master Plan focusing on all formal education could lead the way for the rest of the states, much as the original Master Plan did so for an earlier generation.

The regional concept also makes increasing sense, as more students—especially adults—find themselves constrained to consider those campuses and opportunities within commuting distance. For such students, it may matter less whether the education is offered by a UC or a CSU campus, but simply that it be offered, in a time and place that can be worked into increasingly complex lives. The difficulty with the three systems as they currently exist is that they tend to function as independent silos, with limited connections among themselves. This is true even after nearly four decades of functioning under the Master Plan. Considering California as composed of geographically defined regions and then examining the educational offerings in each region may provide a better means of serving the population than continuing to stress the three segments approach. This is not to argue that the distinctive functions of each segment should merge or be confused, but rather that a UC campus in a particular place might take on attributes distinctive to that place rather than be trapped into a uniform model of what a research university should be.

These ideas (regional focus, inclusion of K–12) for a new Master Plan are clearly present in incipient form in the reports, and they are themes that emerged steadily, if half-formed, in many of my interviews. Were the next gover-

nor to endorse explorations in this vein, one suspects that enormous energies might be released, energies that tend to remain locked-up by an uncritical acceptance of the current Master Plan. The nation seems fated to follow the lead of California in many areas, including education, and a newly conceived Master Plan along these lines would be worthy of emulation.

Endnotes

[1] These foundations include, but are not limited to, The James Irvine Foundation, The Ralph M. Parsons Foundation of Los Angeles, The William and Flora Hewlett Foundation, and The Weingart Foundation. It is noteworthy that several private foundations perceived a need for external studies of higher education issues at this time, further evidence of the state policy vacuum in this area during the 1990s.

[2] California Higher Education Policy Center, *Shared Responsibility: Strategies for Quality and Opportunity in California Higher Education* (San Jose: 1996); Roger Benjamin and Stephen Carroll, *Breaking the Social Contract: The Fiscal Crisis in California Higher Education* (Santa Monica: RAND, Council for Aid to Education, 1997); California Citizens Commission on Higher Education, *A State of Learning: California Higher Education in the Twenty-First Century* (Los Angeles: Center for Governmental Studies, 1998); and California Education Roundtable, *California at the Crossroads* (Sacramento: 1998).

[3] Those interviewed are identified in the appendix.

[4] Lawrence E. Gladieux, Tracy Hartzler Toon and Watson Scott Swail, *California Trends in Student Aid: 1990 to 1996* (San Jose: California Higher Education Policy Center, 1997).

[5] California Office of the Governor, *Building the New California*, Governor's Budget Document, 1995–96, pp. 43–45.

[6] In September 1995, the California Higher Education Policy Center helped establish this consensus view by publishing an evaluation of enrollment projections: David W. Breneman, Leobardo F. Estrada and Gerald C. Hayward, *Tidal Wave II: An Evaluation of Enrollment Projections for California Higher Education* (San Jose: 1995). One recent dissenting voice, a report from the Office of the Legislative Analyst, will be discussed subsequently.

[7] Elizabeth Hill, *Higher Education Enrollments: Is a Tidal Wave Coming?* (Sacramento: Office of the Legislative Analyst, 1998).

[8] See Gerald C. Hayward, David W. Breneman and Leobardo F. Estrada, *Tidal Wave II Revisited: A Review of Earlier Enrollment Projections for California Higher Education* (San Jose: National Center for Public Policy and Higher Education, 1998).

[9] California Higher Education Policy Center, *Shared Responsibility*, pp. 4–5.

[10] Ibid., p. 6.

[11] Ibid., p. 8.

[12] Citizens Commission, *A State of Learning*, p. 16.

[13] Education Roundtable, *California at the Crossroads*, p. 4.

[14] California Higher Education Policy Center, *Shared Responsibility*, p. 10.

[15] CPEC, *Challenge of the Century* (Sacramento: 1994), recommendation 2.1.

[16] Economists William Baumol and William Bowen have developed this argument extensively, as applied not only to higher education but also to health care, the performing arts, and other service fields.

[17] Benjamin and Carroll, *Breaking the Social Contract* (RAND), pp. 21–26.

[18] Citizens Commission, *A State of Learning*, p. 14.

[19] Education Roundtable, *California at the Crossroads*, p. 4.

[20] California Higher Education Policy Center, *Shared Responsibility*, p. 9.

[21] Citizens Commission, *A State of Learning*, p. 15.
[22] California Citizens Commission on Higher Education, *A State of Learning, Blueprint for Implementing the Report* (Los Angeles: Center for Governmental Studies, 1998), p. 83.
[23] Citizens Commission, *A State of Learning*, p. 20.
[24] Ibid., p. 22.
[25] In relation to Los Angeles, these issues were discussed in detail in a two-part series by Nancy Hill-Holtzman that recently ran in the *Los Angeles Times:* "L.A. Community Colleges Under Siege," August 2, 1998, pp. A1+; and "Critics Say Unions Stifle L.A.'s Two Year Colleges," August 3, 1998, pp. A1+.
[26] California Higher Education Policy Center, *Shared Responsibility*, p. 15.
[27] See Commission on the Academic Presidency, *Renewing the Academic Presidency* (Washington, DC: Association of Governing Boards, 1996), pp. 28–33. I should note that no one from the University of California mentioned this issue to me.
[28] David W. Breneman, "Remediation in Higher Education: Its Extent and Cost," in *Brookings Papers on Education Policy, 1998* (Washington, DC: Brookings Institution Press, 1998), pp. 359–383.
[29] Citizens Commission, *A State of Learning*, p. 24.
[30] Ibid., p. 25.
[31] Education Roundtable, *California at the Crossroads*, p. 4.
[32] Benjamin and Carroll, *Breaking the Social Contract* (RAND), pp. 24–25.
[33] David W. Breneman, *A State of Emergency?* (San Jose: California Higher Education Policy Center, 1995).
[34] UC Task Force on Outreach, *New Directions for Outreach* (Oakland: UC Office of the President, 1997).
[35] See Richard C. Atkinson, "Perspectives on the University of California," unpublished paper, Office of the President, 1998.
[36] See California Virtual University, *Academic Plan*.

Appendix: List of Interviewees

Deirdre Alpert
California State Senate

Richard Atkinson
University of California

Nancy Y. Bekavac
Scripps College

Roger Benjamin
RAND Institute on Education and Training

Craig Breedlove
Legislative Analyst's Office

Jonathan Brown
Association of Independent California Colleges and Universities

Albert Carnesale
UCLA

Stephen J. Carroll
RAND Institute on Education and Training

Christopher Carter
California Student Aid Commission

Judy Day
California Department of Finance

Warren Fox
California Postsecondary Education Commission

Gary Hart
Institute for Education Reform

Janet Holmgren
Mills College and AICCU

Clark Kerr
University of California

C. Judson King
University of California

Sarah Lubman
San Jose Mercury News

Robert Maxson
CSU Long Beach

Thomas Nussbaum
California Community Colleges

William Pickens
California Citizens Commission on Higher Education

Charles Reed
California State University

Piedad Robertson
Santa Monica Community College

Joseph Rodota
California Virtual University

Peter Schrag
Sacramento Bee

Jack Scott
California State Assembly

John Slaughter
Occidental College

David Spence
California State University

Robert Turnage
Legislative Analyst's Office

Larry Vanderhoef
UC Davis

Dan Walters
Sacramento Bee

Harold Williams
The J. Paul Getty Trust

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98-2 *The Price of Admission: The Growing Importance of Higher Education*, by John Immerwahr (Spring 1998). A national survey of Americans' views on higher education, conducted and reported by Public Agenda. Available on the world wide web.

98-3 *Organizing for Learning: The View from the Governor's Office*, by James B. Hunt Jr., Governor of North Carolina and Chair of the National Center for Public Policy and Higher Education (June 1998). An address to the American Association for Higher Education concerning opportunity in higher education. Available on the world wide web.

98-4 *Tidal Wave II Revisited: A Review of Earlier Enrollment Projections for California Higher Education*, by Gerald C. Hayward, David W. Breneman and Leobardo F. Estrada (September 1998). Available on the world wide web.

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